

Memorandum

To : The Conservancy
The Advisory Committee

Date: September 24, 2007

From :  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Director

Subject: **Agenda Item 16: Consideration of resolution authorizing an augmentation of SMM-0754 to the Mountains Recreation and Conservation Authority for project planning and design services in the upper Los Angeles River Watershed.**

Staff Recommendation: That the Conservancy adopt the attached resolution authorizing an augmentation of SMM-0754 to the Mountains Recreation and Conservation Authority for project planning and design services in the upper Los Angeles River Watershed in the amount of \$300,000.

Legislative Authority: Section 6500 *et seq.* of the Government Code and Section 33204(a), 33204.2(a), and 33204.27(a) of the Public Resources Code.

Background: The Mountains Recreation and Conservation Authority (MRCA) has submitted the attached application for an augmentation to the \$200,000 Proposition 84 Project Planning and Design grant (SMM-0754) that the Conservancy approved on July 9, 2007. The application requests an additional \$450,000 to be used both within the upper Los Angeles River and coastal watershed areas of the Santa Monica Bay. That request calls for \$300,000 in the upper Los Angeles River watershed and \$150,000 in the Santa Monica Bay coastal watersheds.

To best address the Conservancy's request for specific budgetary information at the July 9th meeting, the MRCA has provided a detailed expenditure plan for each of the two geographic areas. To further compartmentalize the proposed grant funds in specific funding areas, staff has split the MRCA's grant request into two action items. This item addresses the \$300,000 request for the upper Los Angeles River watershed.

The largest categories of the MRCA's proposed expenditures are as follows. These estimates are approximate with flexibility to expend a given category slightly more to best advance the completion of projects. The MRCA expects to spend a higher percentage of the \$200,000 approved grant on staff time as opposed to consultants. The real financial catalyst and underpinning of many Conservancy efforts and accomplishments is generally rooted in the MRCA staff expenditure of Conservancy Project Planning and Design grants.

Direct Acquisition Expenses

The first such category is direct pre-acquisition costs (appraisals, appraisal reviews, preliminary title reports, and environmental assessments– not including any outside legal counsel). That number is \$80,000. Appraisals are critical to determine whether an acquisition is feasible based on available funding and the seller's expectations. Each appraisal requires at least one preliminary title report. Each appraisal also requires an MRCA staff prepared request for bid and contract process that is not included in the \$90,000 direct expenses allocation.

MRCA Staff Time

The second category is MRCA staff time estimated at \$120,000. The Conservancy has just one half-time planning employee, the Deputy Director of Natural Resources and Planning. Any Conservancy planning work not done by the Deputy Director of Natural Resources and Planning, the Executive Director, or the Chief Deputy Director is provided by the MRCA staff or consultants. Essentially over ninety percent of Conservancy related project planning and design work is done by the MRCA staff. In addition, substantial increments of work often have to be invested now that will in turn not actually yield a grant deed or finished improvement project for a couple of years.

Most of that MRCA work is funded by specific grants from a myriad of sources, but much is funded by Project Planning and Design grants from the Conservancy. However, any eligible project identification or development work that is not funded by a project specific grant must be funded via a Project Planning and Design (PPD) grant. Most projects are in an early stage and are months or years away from having a project specific grant funding source to pay for any staff work, consulting costs, or any expense. Many projects never provide a staff funding source and if they do, most staff time expended prior to that time is ineligible to be charged to the grant.

The MRCA staff uses Conservancy PPD funding to assist in the completion of projects of great public importance, that are consistent with bond fund eligibility, but otherwise may never succeed. In essence any partnership project requiring MRCA staff time requires a substantial increment of Conservancy PPD funding. Just to follow a phone lead, be on a conference call, attend a meeting, a hearing, visit a site, those actions all require Conservancy PPD funding. For the MRCA planning staff to secure a free open space dedication in the development process and then to have the legal staff get that land transferred to public hands all requires Conservancy PPD funding.

The MRCA's ability to be flexible enough to respond to opportunity land donations or to shape any entitlement or planning process depends entirely on Conservancy PPD funding. Working to get other public entities to co-fund projects requires lots of staff time. Co-funded projects may save large amounts of capital investment, but they cost a lot more in terms of staff time because implementation is more complicated. Generally such coordination also requires more senior staff at higher hourly rates. Nonetheless the project is completed with substantially less net Conservancy funding. The cost of land also necessitates the need to do projects on public land not owned by the MRCA or the Conservancy. All such work requires negotiations, Memorandums of Agreement, and permits. Often all such work also has to be accomplished before a project becomes competitive enough for any outside grant funding. Generally all such expenses are not reimbursable. The price of cheap land is many hours of labor costs.

At least 16 employees in the MRCA's legal, planning and design services groups depend on Conservancy project planning and design grants to advance work on significant projects that fulfill the mission of the Conservancy and Proposition 84.

With benefits and overhead, the average cost per hour of these employees is approximately \$51. The MRCA bills staff time with a cost allocation increment per hour and thus that \$51 covers all overhead such as phones, copying, and computers. Essentially the requested \$120,000 of personnel grant funding would fund approximately 2,353 hours of staff time in the upper Los Angeles River watershed. A single personnel year consists of 2080 hours. That works out to 3.25 weeks of funding for each of the 16 employees, all of which do substantial project work in the upper Los Angeles River watershed. For the MRCA to make substantial progress in implementing projects prioritized and funded by the Conservancy will require future augmentations to this PPD grant.

Planning, Engineering, Environmental and Legal Consultants

The third large expense category is for consultants with an estimate of \$85,000. The bulk of this consultant budget is anticipated to go to community based consultants to assist in gathering input on project preferences, needs, definition, and scope. This baseline planning and project development work will occur throughout the upper Los Angeles River watershed. Working hand in hand with the MRCA staff this effort will yield a set of projects for the Conservancy to prioritize for Proposition 84 expenditures and future funding sources. The effort will create a foundation that is critical to provide the Conservancy with viable projects to partially or fully fund. A portion of the funding will also go to pay for legal descriptions, surveys, soil testing, and potentially outside counsel to assist in any legal work. For example consultants may have to be used to complete Mitigated Negative Declarations for more complex improvement projects.

Remaining Costs

The expenses in the MRCA's proposal are transportation costs, acquisition of digital aerial photography, other specialized GIS software, fees to reserve Chapter 8 Agreement parcels from auction lists, miscellaneous expenses, and \$5,000 of contingency to fill needs other portions of the budget.

Grant Project List

The foundation of the Conservancy's Project Planning and Design grants is a project list that covers a broad range of eligible project areas in the eligible portions of the Conservancy's jurisdiction for the specific bond measure. By design, the project list includes virtually every possible project area where the MRCA may need to do planning, acquisition and design work. The list that was approved with SMM-0754 on July 9th is attached. At the July 9th Conservancy meeting, members of the Advisory Committee had asked that projects be added in the El Prieto Creek watershed of Altadena and the Moorpark area. Because of the late evening, staff did not have time to introduce those projects to be added to the list at the meeting. A revised project list including those areas will be available at the upcoming meeting. However, to add projects with a grant funding augmentation, the Attorney General may have to determine that the additions do not change the scope of the original grant approval.

The MRCA is currently providing project planning and design (PPD) work in the Santa Clara River watershed (not 84 eligible) with a Proposition 40 PPD grant from the Conservancy.